

¹ https://ribbs.usps.gov/industryoutreach/documents/tech_guides/FlatsStrategy
DRAFT.pdf.

- UFSM 2.2%
 - a. Please confirm that these data for FY 2012 are correct.
 - b. Please confirm comparable percentages for methods used to distribute flats in FY 2013 are provided in USPS-FY13-11, files USPS-FY13-11.STD.ACR.PRC.xlsx and USPS-FY13-11.STD.ACR.PROP8.xlsx, tab “Coverage factors.” If not confirmed, please provide.
 - c. If anticipated or “target” percentages for the method used to distribute flats are available for FY 2014, please provide.
2. *A Strategic End-to-End Guide for Flats Planning, October 2013*, October, makes the following statement:
- the Postal Service **continues modifying** the AFSM 100 machines to increase operational efficiency and reduce maintenance downtime. [P. 20 (emphasis added).]
- a. Please discuss all modifications made to the AFSM 100 machines during FY 2013, and explain the extent to which those modifications increased productivity (*e.g.*, throughput) of the AFSM 100 machines.
 - b. Please discuss all modifications planned for the AFSM 100 machines during FY 2014, and explain the extent to which those modifications are expected to increase productivity (*e.g.*, throughput) of the AFSM 100 machines.
3. Does the Postal Service have separate cost records or estimates for the end-to-end cost of (i) flats processed on AFSM 100 machines and then cased manually by carriers *versus* (ii) flats that are DPS’d on FSS machines?
- a. If so, please provide the comparable unit costs for each method of distribution.

- b. If comparable and separate unit cost data are not available for each method of distribution, please explain whether, in the Postal Service's opinion, distribution of flats on the FSS (i) has a lower unit cost, (ii) has approximately the same unit cost, or (iii) has a higher unit cost vis-a-vis distribution on the AFSSM 100 and manual casing by carriers?
- 4. Please confirm that all 100 FSS machines were deployed and operational throughout both FY 2012 and FY 2013. If not confirmed, please explain.
- 5.
 - a. To what extent did productivity of the fleet of FSS machines change — *e.g.*, improve — during the course of FY 2013.
 - b. Please explain (i) all steps which the Postal Service is taking to improve productivity of the fleet of FSS machines during the current fiscal year, FY 2014, and (ii) the extent to which such steps are expected to improve productivity of FSS operations.
- 6. With respect to evaluating whether to invest in new peripheral hardware for the fleet of FSS machines (*e.g.*, high speed flats feeders, alternative small footprint flats sequencing systems, bundle unloading devices, etc.):
 - a. What is the minimum return on investment ("ROI") percentage required by the Postal Service for making such capital investments?
 - b. What future time periods — *i.e.*, over how many years — does the Postal Service use when computing estimated ROI on such capital investments?
- 7. Under existing labor contracts for Clerks and mailhandlers, City carriers, and Rural carriers:

- a. When and by how much will the basic average wage rate (other than COLA) increase during the life of current contracts?
 - b. Please explain whether full COLA increases are applied to average wage rates. If not, please explain.
8. In FY 2012 and FY 2013, the CRA indicates that the unit cost of Standard Flats was, respectively, \$0.465 and \$0.452. The unit cost for Standard Flats thus declined by \$0.013.
- a. Of this decline in unit cost of Standard Flats, please explain approximately what portion can be attributed to the new labor contract that permits the hiring of a certain percentage of new employees at a lower wage rate, and what portion can be attributed to greater productivity when handling Standard Flats.
 - b. To the extent that your response to preceding part a indicates a lower unit cost of Standard Flats resulting from higher productivity, please explain what the Postal Service perceives to be the major sources of such improved productivity — *e.g.*, enhancement to the AFSM 100s, the FSS itself, peripheral improvements to the FSS, etc.
9. The Commission's FY 2012 ACD stated, "Given the serious implications of the pricing of Standard Mail Flats, the Commission recommends that the Postal Service derive elasticity estimates to provide for a more realistic assessment of the impact of price changes on contribution." Please explain what the Postal Service has done in response to this recommendation.

10. Please provide the net effect of the Discover NSA using the methodology employed by the Commission in Docket No. ACR2012, PRC-ACR2012-LR6.
11. In the FY 2013 ACR, the Postal Service states with respect to the Valassis NSA:
“Valassis did not send enough NSA-eligible volume to qualify for volume discounts, and paid published rates during FY 2013. Therefore, there are no further data to report.” There was also no periodic reporting as required Order No. 1448, p. 41. The Valassis NSA requires Valassis to pay a penalty of \$100,000 if Valassis does not mail 1,000,000 contract pieces during the first year of the agreement.
 - a. Did Valassis reach the 1,000,000 contract pieces threshold?
 - b. Did the Postal Service waive the \$100,000 penalty? Please explain.

Respectfully submitted,

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